

The Manager Companies
Company Announcements Office
ASX Limited
Level 4, Stock Exchange Centre
20 Bridge Street
Sydney NSW 2000

HALF YEAR RESULT – 31 DECEMBER 2016

The Company recorded a statutory profit for the half year of \$1.48m (2015: \$1.62m) on revenue of \$43.0m (2015: \$41.8m). This result included non-recurring expenses of \$290k (2015: Nil) for external professional advice related to the proportional takeover offer of Cellnet by Wentronic Holding GmbH.

It is pleasing to see revenue increase by 2.8% in comparison to the prior period, confirming the success of the strategy to focus the company efforts on a limited portfolio of brands.

Net tangible assets per share increased to 27.8c at 31 December 2016 (30 June 2016: 24.4c) as a result of the profit recorded and the reduced shares on issue.

During the period under review the Company paid a final dividend for the 2016 financial year of 1.25c per share. No interim dividend has been declared.

The Company's balance sheet is in a healthy state, leaving it in a good position to continue to evaluate and potentially execute organic and acquisitive growth opportunities.

Alan Sparks
Chief Executive Officer



Cellnet Group Limited
and its controlled entities

ABN: 97 010 721 749

Half-Year Financial Report
Period Ended 31 December 2016

	Section
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Financial Report	B

Appendix 4D HALF YEAR REPORT Statutory Results

Name of Entity	Cellnet Group Limited
ABN	97 010 721 749
Reporting Period	Half-year ended 31 December 2016
Previous Corresponding Period	Half-year ended 31 December 2015

This information presented should be read in conjunction with the 30 June 2016 financial report.

Results for announcement to the market

	Reporting Period	Previous Corresponding Period	% Change Increase / (Decrease)
	\$000	\$000	
Revenues from ordinary activities	42,968	41,802	2.79%
Profit from ordinary activities after tax attributable to members	1,477	1,625	(9.11%)
Net Profit for the period attributable to members	1,477	1,625	(9.11%)

For commentary on the results refer to the Directors' Report which forms part of the Half Year Report.

	Reporting Period	Previous Corresponding Period
Final Dividend	\$649,325	\$556,841
Amount per security	\$0.0125	\$0.01
Franked amount per security	\$0.0125	\$0.01
Record Date	09.09.2016	09.09.2015
Interim Dividends	-	-
Amount per Security	N/A	N/A
Franked Amount per Security	N/A	N/A
Record Date	N/A	N/A

NTA Backing

Net tangible assets backing per share	27.8¢	23.6¢
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Additional Appendix 4D Disclosure Requirements

Nil.

Financial Information

This Appendix 4D should be read in conjunction with the Half Year Report for the half year ended 31 December 2016 as set out on pages 4 to 22.

Compliance Statement

This report is based on accounts that have been reviewed. The review report, which was not subject to audit dispute or qualification, is included in the interim financial report.

Cellnet Group Limited
and its controlled entities
Half-Year Financial Report

Condensed Financial Report
for the Half-Year Ended
31 December 2016

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Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Corporate Information

ABN 97 010 721 749

Directors

M. Wendt (Chairman)
A. Sparks
B. Danos
K. Gilmore
M. Reddie

Company Secretary

C. Barnes

Principal Registered Office

Cellnet Group Limited
59-61 Qantas Drive
Eagle Farm QLD 4009
Phone: 1300 CELLNET
Fax: 1800 CELLNET

Banker

Westpac Banking Corporation
260 Queen Street
Brisbane QLD 4000

Auditor

Pitcher Partners
345 Queen Street
Brisbane QLD 4000
Phone: 07 3222 8444

Share Registrar

Link Market Services Ltd
Level 15 ANZ Building
324 Queen Street, Brisbane QLD 4000
Phone: 1300 554 474

Stock Exchange

The Company is listed on the Australian Securities Exchange. The home exchange is Brisbane.

Cellnet Group Limited and its controlled entities

Half-Year Financial Report

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2016.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for the periods as detailed below:

A. Beard (Chairman) – retired 16 January 2017
M. Brookman – retired 16 January 2017
E. Kaplan – retired 16 January 2017
M. Wendt (Chairman) – appointed 16 January 2017
A. Sparks – appointed 16 January 2017
B. Danos – appointed 16 January 2017
K. Gilmore – appointed 16 January 2017
M. Reddie – appointed 16 January 2017

Principal activities

The principal activities of the consolidated entity are:

Sourcing products and the distribution of market leading brands and lifestyle technology products and accessories for mobile phones, tablets and notebooks/hybrids into retail and business channels in Australia and New Zealand.

Review and results of operations

The Company recorded a statutory profit for the half year of \$1.48m (2015: \$1.62m) on revenue of \$43.0m (2015: \$41.8m). This result included non-recurring expenses of \$290k (2015: Nil) for external professional advice related to the proportional takeover offer of Cellnet by Wentronic Holding GmbH.

It is pleasing to see revenue increase by 2.8% in comparison to the prior period, confirming the success of the strategy to focus the company efforts on a limited portfolio of brands.

Net tangible assets per share increased to 27.8c at 31 December 2016 (30 June 2016: 24.4c) as a result of the profit recorded and the reduced shares on issue.

During the period under review the Company paid a final dividend for the 2016 financial year of 1.25c per share. No interim dividend has been declared.

The Company's balance sheet is in a healthy state, leaving it in a good position to continue to evaluate and potentially execute organic and acquisitive growth opportunities.

Dividends

A fully franked \$0.0125 dividend per share was declared on 11 August 2016. The dividend had a record date of 9 September 2016 and was paid to shareholders on 23 September 2016.

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Directors' Report (Cont'd)

Rounding

The consolidated entity is of a kind referred to in ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191 . Amounts in the financial report and Directors' report have been rounded off to the nearest \$1,000 unless otherwise stated.

Auditor's Independence Declaration

Attached is a copy of the Auditors Independence Declaration provided under Section 307C of the *Corporations Act 2001* in relation to the review of the half year ended 31 December 2016. This Auditors Independence Declaration forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to be 'L. Smith', is written above a horizontal line.

Director
20 February 2017



PITCHER PARTNERS

ACCOUNTANTS • AUDITORS • ADVISORS

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MARK NICHOLSON
PETER CAMENZULI
JASON EVANS
IAN JONES
KYLIE LAMPRECHT
NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN

Auditor's Independence Declaration

As lead auditor for the audit of Cellnet Group Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cellnet Group Limited and the entities it controlled during the period.

PITCHER PARTNERS

JASON EVANS
Partner

Brisbane, Queensland
20 February 2017



Cellnet Group Limited and its controlled entities
Half-Year Financial Report

**Interim consolidated statement of
comprehensive income**

For the six months ended 31 December 2016

	Note	Consolidated	
		31 Dec 2016 \$000	31 Dec 2015 \$000
Continuing operations			
Sales of goods		42,792	41,262
Rendering of services		176	540
Revenue		42,968	41,802
Other income		2	5
Materials, packaging and consumables used		(32,492)	(32,236)
Depreciation and amortisation expense		(83)	(138)
Employee benefit expense		(4,746)	(4,519)
Finance costs		(225)	(236)
Freight expense		(1,227)	(1,123)
Occupancy expense		(260)	(444)
Transaction advice		(290)	-
Warehousing expense		(1,009)	(233)
Other expense		(1,161)	(1,253)
Profit before income tax		1,477	1,625
Income tax (expense) / benefit		-	-
Profit for the period		1,477	1,625
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(42)	165
Total comprehensive income for the period		1,435	1,790
Earnings per share for profit attributable to the ordinary equity holders of the parent			
Basic earnings per share		2.84¢	2.99¢
Diluted earnings per share		2.83¢	2.97¢

The above interim consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Interim consolidated statement of financial position

As at 31 December 2016

	Note	Consolidated	
		31 Dec 2016 \$000	30 June 2016 \$000
ASSETS			
Current assets			
Cash and cash equivalents	8	692	1,411
Trade and other receivables		20,242	10,044
Inventories	9	13,231	8,968
Derivative financial instruments		285	143
Total current assets		34,450	20,566
Non-current assets			
Property, plant and equipment		268	304
Deferred tax assets		982	848
Intangible assets		45	52
Total non-current assets		1,295	1,204
TOTAL ASSETS		35,745	21,770
LIABILITIES			
Current liabilities			
Trade and other payables		11,855	6,913
Current tax liabilities		135	-
Provisions		458	520
Interest-bearing loans and borrowings	10	8,619	763
Total current liabilities		21,067	8,196
Non-current liabilities			
Provisions		151	18
Total non-current liabilities		151	18
TOTAL LIABILITIES		21,218	8,214
NET ASSETS		14,527	13,556
EQUITY			
Issued capital	11	30,953	30,953
Reserves		4,662	3,691
Accumulated losses		(21,088)	(21,088)
TOTAL EQUITY		14,527	13,556

The above interim consolidated statement of financial position should be read in conjunction with the accompanying notes.

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Interim consolidated statement of changes in equity

For the six months ended 31 December 2016

Note	Share capital \$000	Reserve for own shares \$000	Foreign currency translation reserve \$000	Share based payment reserve \$000	Reserve for profits \$000	Accumulated losses \$000	Total Equity \$000
At 1 July 2016	30,953	(25)	(66)	942	2,840	(21,088)	13,556
Profit for the period	-	-	-	-	-	1,477	1,477
Foreign currency translation	-	-	(42)	-	-	-	(42)
Total comprehensive income for the half year	-	-	(42)	-	-	1,477	1,435
Transactions with owners in their capacity as owners:							
Transfers to / from reserves	-	-	-	-	1,477	(1,477)	-
Share based payments	-	-	-	185	-	-	185
Dividends paid	-	-	-	-	(649)	-	(649)
Balance at 31 December 2016	30,953	(25)	(108)	1,127	3,668	(21,088)	14,527
At 1 July 2015	31,699	(25)	(79)	823	1,649	(21,088)	12,979
Profit for the period	-	-	-	-	-	1,625	1,625
Foreign currency translation	-	-	165	-	-	-	165
Total comprehensive income for the half year	-	-	165	-	-	1,625	1,790
Transactions with owners in their capacity as owners:							
Transfers to / from reserves	-	-	-	-	1,625	(1,625)	-
Share based payments	-	-	-	71	-	-	71
Share buy-backs	(375)	-	-	-	-	-	(375)
Dividends paid	-	-	-	-	(557)	-	(557)
Balance at 31 December 2015	31,324	(25)	86	894	2,717	(21,088)	13,908

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Interim consolidated statement of cash flows

For the six months ended 31 December 2016

	Note	Consolidated	
		31 Dec 2016 \$000	31 Dec 2015 \$000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		39,838	40,059
Payments to suppliers and employees (inclusive of GST)		(47,519)	(45,539)
Interest paid		(150)	(174)
Net cash flows used in operating activities		(7,831)	(5,654)
Cash flows from investing activities			
Purchase of property, plant and equipment		(32)	(103)
Purchase of intangibles		(8)	(31)
Interest received		2	5
Net cash flows from / (used in) investing activities		(38)	(129)
Cash flows from financing activities			
Payment of dividend		(649)	(557)
Payments for share buy-backs		-	(375)
Proceeds from borrowings		19,134	18,301
Repayment of borrowings		(11,278)	(12,383)
Net cash flows from financing activities		7,207	4,986
Net increase / (decrease) in cash and cash equivalents		(662)	(797)
Cash and cash equivalents at beginning of period		1,411	2,373
Net foreign exchange differences		(57)	102
Cash and cash equivalents at end of period	8	692	1,678

The above interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Notes to the Financial Statement

For the six months ended 31 December 2016

1. Corporate Information

Cellnet Group Limited (the “Company”) is a company domiciled in Australia whose shares are publicly traded. The interim condensed consolidated financial statements of the Company as at and for the half-year ended 31 December 2016 comprise the results of the Company and its subsidiaries (together referred to as the “consolidated entity”).

The interim condensed consolidated financial statements of the consolidated entity for the six months ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 20 February 2017.

The interim condensed consolidated financial statements of the consolidated entity as at and for the half-year ended 31 December 2016 are available upon request from the Company’s registered office at 59-61 Qantas Drive, Eagle Farm QLD 4009 or at www.cellnet.com.au.

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2016 have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 30 June 2016.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those adopted in the Group’s annual report for the year ended 30 June 2016.

3. Seasonality of operations

The consolidated entity’s balance sheet is impacted by seasonality in sales. December trade balances are generally expected to be higher than those as at the previous financial year end due to greater sales activity around calendar year end. Users of the interim consolidated financial report may therefore benefit from reading this report in conjunction with the interim consolidated financial report for the half-year ended 31 December 2015.

4. Operating segment information

Identification of reportable segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Notes to the Financial Statement

For the six months ended 31 December 2016

4. Operating segment information (cont'd)

The operating segments are identified by management based on the manner in which products are sold. For the six months ended 31 December 2016 and the comparative period the consolidated entity's activities related solely to retail sales.

As there is only one segment, segment revenues, profit/(loss), assets and liabilities are consistent with those reported in the statement of comprehensive income and statement of financial position.

5. Fair value measurements

Outlined below are the judgements and estimates made in determining the fair value of assets and liabilities that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its assets and liabilities into the three levels prescribed under the accounting standards, as follows:

Level 1: The fair value of assets and liabilities traded in active markets is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of assets and liabilities that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. That is, all valuation inputs are observable.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The group holds forward foreign exchange contracts at fair value. The fair value of these financial instruments is determined using forward exchange rates at the balance sheet date. Such fair value measurement is included in level 2, as it is based on an observable input. At 31 December 2016 the group recognised an asset of \$285,000 (30 June 2016: asset of \$143,000) for forward exchange contracts held at balance date.

6. Dividends

The group paid a fully franked (at 30%) dividend of 1.25 cents per fully paid ordinary share, amounting to \$649,325, on 23 September 2016. In the comparative half year ended 31 December 2015 the group declared a fully franked (at 30%) dividend of 1.0 cents per fully paid ordinary share, amounting to \$557,071, on 23 September 2015.

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Notes to the Financial Statement
For the six months ended 31 December 2016

7. Income tax expense

Numerical reconciliation of income tax benefit to prima facie tax payable:

	Consolidated	
	Dec 2016	Dec 2015
	\$000	\$000
Profit before income tax benefit / (expense)	1,477	1,625
Prima facie tax benefit / (expense) at the Australian tax rate of 30%	(443)	(488)
Tax effect of adjustments		
Non-deductible expenditure	(67)	(30)
Difference in New Zealand tax rate (28%)	14	4
Previously unrecognised tax losses utilised	-	174
Recognition of historical tax losses	526	364
Tax losses not recognised	(30)	(24)
Income tax benefit / (expense)	-	-

8. Cash and cash equivalents

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	Consolidated	
	Dec 2016	June 2016
	\$000	\$000
Cash at bank and in hand	342	1,061
Funds held by bank	350	350
Total cash and cash equivalents	692	1,411

9. Inventories

	Consolidated	
	Dec 2016	June 2016
	\$000	\$000
Stock on hand	13,749	9,455
Less: provision for obsolescence	(518)	(487)
	13,231	8,968

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Notes to the Financial Statement

For the six months ended 31 December 2016

10. Interest bearing loans and borrowings

	Interest Rate %	Maturity	Dec 2016 \$000	June 2016 \$000
Business finance				
	5.16	5 July 2016	-	300
	5.15	11 July 2016	-	251
	5.15	18 July 2016	-	100
	5.05	21 July 2016	-	45
	5.16	25 July 2016	-	67
	4.82	16 January 2017	1,825	-
	4.82	18 January 2017	225	-
	4.82	2 February 2017	751	-
	4.82	9 February 2017	477	-
Invoice finance				
		Various	5,341	-
			8,619	763

11. Contributed equity

	Dec 2016 No. of shares	Dec 2016 \$000	Dec 2015 No. of shares	Dec 2015 \$000
Balance at 1 July	51,922,956	30,953	55,684,090	31,699
Shares bought back and cancelled	-	-	(2,074,800)	(375)
Shares issued	356,000	-	-	-
Balance at 31 December	52,278,956	30,953	53,609,290	31,324

12. Share based payments

On 1 August 2016, the Group issued additional performance rights to key management personnel under the Group's performance share plan. Details of performance rights issued are as follows:

Rights granted	500,000
Grant date	1 August 2016
Consideration payable	\$Nil
Exercise price	\$Nil
Last exercise date	5pm on the date which is 30 days subsequent to market release of FY19 results

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Notes to the Financial Statement

For the six months ended 31 December 2016

12. Share based payments (continued)

Exercise conditions	Subject to the Plan Rules, a Performance Right cannot be exercised unless the Board acting reasonably is satisfied that the following conditions have been satisfied: <ul style="list-style-type: none"> • The employee remains employed by the company • There is no outstanding breach of the terms of engagement with the Company. • No notice of termination of engagement has been either been given by the employee or received by the Company. • All performance hurdles have been met.
Performance hurdles	334,000 will vest upon meeting a total shareholder return (TSR) performance hurdle 166,000 will vest upon meeting various profit before tax (PBT) performance hurdles

The fair value of the performance rights granted during the half-year was determined by management using either a binomial pricing model (PBT hurdle) or a trinomial lattice pricing model incorporating a Monte-Carlo simulation (TSR hurdle), depending on the nature of the associated vesting conditions.

Market conditions, such as the TSR vesting condition, were factored into the initial valuation of the options through use of a monte-carlo simulation which derives a valuation based on a range of possible outcomes.

Expected volatility was determined based on historical stock price volatility over a period consistent with the life of the performance rights.

The table below summarises the key inputs into the valuation model for each tranche of performance rights granted:

Tranche	Vesting Condition	Vesting Date	No. of Rights	Exercise Price \$	Expected Volatility %	Risk Free Rate %	Value per Right
Tranche 1	PBT	30/06/17	55,333	-	50	1.42	0.200
Tranche 2	PBT	30/06/18	55,333	-	50	1.42	0.200
Tranche 3	PBT	30/06/19	55,334	-	50	1.42	0.200
Tranche 4	TSR	30/06/19	334,000	-	50	1.42	0.066

The share price at the grant date of the performance rights was \$0.20. The combined grant date fair value of performance rights issued during the half-year was \$55,114.

Refer to note 14 regarding modifications to the performance hurdles and vesting date subsequent to the reporting date.

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Notes to the Financial Statement

For the six months ended 31 December 2016

12. Share based payments (continued)

The following table illustrates movements in the number of performance rights on issue during the half-year.

	Dec 2016 Number of rights	Exercise Price \$	Dec 2015 Number of rights	Exercise Price
Opening balance	2,669,667	-	3,300,000	-
Granted during the half-year	500,000	-	-	-
Exercised during the half-year	(356,000)	-	-	-
Outstanding as at 31 December	2,813,667	-	3,300,000	-
Vested and exercisable	-	-	-	-

13. Related party transactions

The following table provides the total amount of transactions which have been entered into with related parties during the six month periods ending 31 December 2016 and 31 December 2015.

		Sales to related parties	Services from related parties	Amounts owed by related parties	Amounts owed to related parties
		\$000	\$000	\$000	\$000
Entity with ultimate control over the consolidated entity:					
CVC Managers Pty Limited	2016	-	52	-	-
CVC Managers Pty Limited	2015	-	52	-	-

14. Events subsequent to balance date

In connection with the proportional takeover offer announced by the Company on 11 November 2016, the Board of Directors resolved, as prescribed under the Company's performance rights plan, to amend the terms of performance rights on issue. These amendments, which were subject to successful completion of the takeover offer by 31 January 2017 including the payment of consideration by the bidder for acquired shares, removed performance vesting conditions and altered the vesting date of the rights. All conditions were satisfied in January 2017.

As a result of these amendments, the group is required to recognise additional share-based payments expenditure of \$445,000 over the revised vesting period of performance rights.

There were no other matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Directors' declaration

In accordance with a resolution of the Directors of Cellnet Group Limited, I declare that:

In the opinion of the Directors:

1. the financial statements and notes of the consolidated entity for the half year ended 31 December 2016 are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the consolidated entity; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Director
20 February 2017



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Cellnet Group Limited,

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cellnet Group Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cellnet Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cellnet Group Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PITCHER PARTNERS



JASON EVANS
Partner

Brisbane, Queensland

20 February 2017